

INSTRUCTIONS
for preparation of the
ANNUAL OPERATIONS PLAN
Fiscal Year 2007



Small Agencies
DEPARTMENT OF FINANCE & ADMINISTRATION
OFFICE OF BUDGET

I N D E X

ANNUAL OPERATIONS PLAN

FOR FISCAL YEAR 2007

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These instructions and forms are available on the DFA – Office of Budget web site:

www.accessarkansas.org/dfa/budget

GENERAL INSTRUCTIONS FOR PREPARATION OF THE ANNUAL OPERATIONS PLAN FOR FISCAL YEAR 2007

In order to implement provisions of the General Accounting and Budgetary Procedures Act (Arkansas Code Annotated §19-4-101 et. seq.) the following procedures must be followed:

All agencies must submit an Annual Operations Plan (A.C.A. §19-4-607) by **May 5, 2006** supported by the required forms (Director approval letter, Annual Funds Center Totals by Cost Center, Annual Funds Center Worksheet, Annual Quarterly Worksheet, Certification(s) of Income, and Salary Projection report) to the Department of Finance and Administration-Office of Budget. The approved program will be entered into the Arkansas Administrative Statewide Information System (AASIS).

For those agencies funded from the Miscellaneous Agencies Fund, the budget analyst will provide the funding level for the FY07 Annual Operations Plan.

Sections 93 – 95 of Act 2298 of 2005 provides the Chief Fiscal Officer of the State the authority to create positions as well as salary and personal services matching appropriation as may be necessary for state agencies to issue W-2 forms in compliance with the United States Internal Revenue Service. Board and commission members receiving stipend payments as provided in A.C.A. §25-16-903 through A.C.A. §25-16-905 shall be considered state employees. Agencies should work with the Offices of Personnel Management and Budget to ensure payments are made consistent with the new law.

The following laws require special attention when preparing the Fiscal Year 2007 Annual Operations Plan:

- A.C.A. §19-5-206 requires a 1.5% charge against certain agencies from cash funds as defined under A.C.A. §19-4-801. **(See page 14 for detailed instructions)**
- A.C.A. §25-16-903 through A.C.A. §25-16-905 provides authorization and restrictions regarding stipends and expense reimbursements for members of boards and commissions. In accordance with the United States Internal Revenue Code (IRC), 2001-Code-Vol, Sec 3401 and Treasury Regulations §31.3401(c)-1(a) and §1.1402(c)-2(b), persons receiving stipends shall be considered as a state employee for issuance of W-2 forms.
- A.C.A. §21-12-502 requires notification by agencies to the Legislative Council and to the DFA-Office of Personnel Management of plans to implement layoffs of state employees due to privatization of programs.
- A.C.A. §21-4-501 allows for the payment of accrued sick leave for retiring employees. While it is difficult to budget for this unknown event, agencies are cautioned about the fiscal impact of this legislation.
- A.C.A. §19-4-2201 requires Legislative Council or Joint Budget Committee review of certain discretionary grants awarded by state agencies.
- A.C.A. §24-2-701(C)(3) allows the Board of Trustees of the Arkansas Retirement System to establish employer contributions each year. The state employee retirement rate has been set at 12.54% for fiscal year 2007.

DEFINITIONS

- **ANNUAL OPERATIONS PLAN:** A program prepared by an agency containing the proposed expenditures and anticipated resources for the ensuing fiscal year as required by A.C.A. §19-4-607.
- **FUNDS CENTER:** An appropriation granted by the General Assembly to make expenditures and incur obligations, **IF FUNDS ARE AVAILABLE**, for specific purposes.
- **BLOCKED:** The portion of an appropriation, which cannot be budgeted by an agency due to insufficient revenue or other budgetary restraints. Also referred to as deferment.
- **CARRY FORWARD APPROPRIATION:** As permitted by law, specific appropriated amounts authorized to carry forward from one fiscal year to another to make expenditures and incur obligations, **IF FUNDS ARE AVAILABLE**, for specific purposes.

INFORMATION TECHNOLOGY PLANS

A.C.A. §25-33-101 et. seq. outlines the duties of the Executive Chief Information Officer for the State of Arkansas as well as the CIO Council to address the information technology needs of the State.

Budgets for fiscal year 2007 should be developed compliant with the agency's technology plan. Any assistance with these requirements may be addressed through the Office of Information Technology.

ANNUAL OPERATIONS PLAN

All agencies will utilize the Planning Budgeting and Administrative System (PBAS) to prepare their Annual Operations Plan. PBAS is an automated system designed to enable agencies to develop a budget according to the General Accounting and Budgetary Procedures Law. Agency personnel have been trained on the system and on the reports necessary to fulfill the requirements of the Annual Operations Plan. Agencies that do not have system access to PBAS will coordinate entry of their plan data with the budget analyst assigned to assist the agency.

The Office of Budget requires a letter signed by the Agency Director indicating knowledge and approval of the final Annual Operations Plan.

The salary projection process is a component of PBAS and is designed to allow agencies online flexibility for changing information relating to positions. Personal services matching is automatically calculated for corresponding salary data and posted to the correct cost element, cost center, funds center and fund.

NOTE: A.C.A. §21-5-414 requires a monthly contribution to the State Employees Insurance program based on the number of positions budgeted within a funds center. The Personal Services Matching commitment item has been automated to calculate insurance amounts. Agencies are cautioned against changing this automated calculation as it could result in insufficient funding to pay insurance invoices while remaining responsible for this obligation. The agency contribution for fiscal year 2007 will be **\$320** per month for each budgeted position.

The Office of Budget requires a letter signed by the Agency Director or Fiscal Officer explaining why positions have been budgeted for less than 12 months.

Reporting is also done through the Planning Budgeting and Administrative System. Agencies can view reports online or may generate paper copies of reports as required. One copy of the required budget reports routed to the Office of Budget, with other required documents, signifies completion of the Annual Operations Plan. The Office of Budget will review and approve final forms and forward the documents to the Office of Accounting for final processing. The AASIS Support Center has prepared tutorials for agencies to use to produce reports. Analysts in the Office of Budget are available to advise and assist as necessary.

Agencies that do not have system access to PBAS will coordinate budget development with the budget analyst assigned to the agency.

The final Annual Operations Plan will be copied (retracted) back to AASIS in a detailed plan for fiscal year 2007 and integrated into the AASIS data for implementation of the FY07 budget.

PREPARATION OF QUARTERLY ALLOTMENTS

The Office of Budget will advise each agency of its General Revenue funding level. The agency determines the amount of any Special or Other Revenues to be received for the 2007 fiscal year and prepares quarterly budget allotments that correspond to availability of funding. Quarterly Allotments must be based on the financial requirements for the agency's spending for the fiscal year and may not exceed available funding. **Budgeted amounts may not exceed anticipated revenues as indicated on the Certification of Income form. Completion of Certification of Income forms is required for all budgeted appropriations, including General Revenue funded appropriations.** Further, Certifications of Income forms must include funding for "estimated" carry forward balances as may be authorized by law.

ALL BUDGETS FOR CASH AND FEDERAL FUNDS MUST BE BUDGETED IN THE FIRST QUARTER.

ADMINISTRATION OF ANNUAL OPERATIONS PLANS

Any time during the fiscal year that changes to the Annual Operations Plan result in an increase or decrease in the appropriation and/or funding allocated for expenditure, corresponding adjustments to the Annual Operations Plan must be made in the detailed plan in AASIS. Revised Certifications of Income forms must be submitted as changes occur to accurately document income and operating budget totals.

ADMINISTRATION OF PAY PLAN

The Regular Salaries and Personal Services Matching budget should be based on the Salary Projection report. Report totals should correspond to monthly amounts in PBAS. Numbers of positions budgeted may not exceed the Personnel CAP restriction established for each agency. **Requests for CAP increases should be submitted to the Office of Budget no later than April 28, 2006, to provide sufficient time for review prior to completion of the Salary Projection report.** Approval of increases to CAP levels will only be considered upon presentation of strong justification.

Merit Adjustment Funds may be certified initially during fiscal year 2007 to the extent of the maximum available amount by law as provided by the Office of Budget. The Certification of Income form will document this allocation. Funding of the pay plan, Career Service Recognition Payments and the Career Ladder Incentive Program (CLIP) will be provided first through salary savings within an agency or through resource reallocations within an agency. Merit Adjustment Funds will only be provided in the fourth quarter of the fiscal year, and only if salary savings or reallocations of resources are not sufficient to cover the costs of the pay plan, Career Service Recognition Payments and/or the CLIP. Merit Adjustment Funds are only available to General Revenue funded agencies. The Cost of Living Allowance (COLA) for General Revenue agencies was included in the "A" Allocation of Revenue Stabilization for the 2007 fiscal year.

If agencies require additional appropriation to implement these payments, or for other personnel related actions, the Request for Salary and/or Personal Services Matching form must be submitted.

REQUIRED DOCUMENTS

The following original forms with signatures must be submitted with the Annual Operations Plan:

- Director approval letter. A letter signed by the Agency Director indicating knowledge and approval of the final Annual Operations Plan.
- Letter from Agency Director or Fiscal Officer explaining why positions have been budgeted for less than 12 months.
- Certification(s) of Income (Report completed & printed from PBAS and signed)
- Budget Classification Transfers (If applicable)
- Fiscal Monitoring Procedures (Report completed & printed from PBAS and signed)
- Fund Balance Expenditure Plan (If applicable – requires signature)

The following forms must also be submitted with the Annual Operations Plan. These forms do not require signatures.

- Request for additional Salary and/or Personal Services Appropriation (If applicable –printed from PBAS)
- State Agency Publications (Report completed and printed from PBAS)

The following final reports must also be submitted with the Annual Operations Plan:

- Annual Salary Projection
- Career Service Projection
- Annual Commitment Item Summary
- Annual Funds Center Totals by Cost Center
- Annual Funds Center Worksheet
- Annual Quarterly Worksheet

PLEASE NOTE: When preparing the Fiscal Year 2007 Annual Operations Plan, attention should be paid to the Governor's Executive Order 98-04 (and Act 34 of 1999) requiring state agencies to publicly disclose when they do business with statewide constitutional officers, legislators, state employees or their immediate family members. The Department of Finance & Administration-Office of Internal Audit (682-0370) may be contacted for further information on the implementation of this Executive Order.

SUGGESTION: Prior to making changes in PBAS to positions and operating data, print out the Salary Projection, Career Service and Annual Funds Center Total by Cost Center/WBS Element reports. Mark-up these reports with any changes that need to be made and then log-on to PBAS and enter the changes. The Funds Center Worksheet report can be viewed online or printed to compare authorized vs plan at the commitment item level. Agencies that do not have system access to PBAS will coordinate entry of their plan data with the budget analyst assigned to assist the agency.

SALARY BUDGETS

The Annual Salary Projection report is provided by the Office of Budget to assist agencies in budgeting salary dollars for fiscal year 2007. The final version of this report must be returned to the Office of Budget with the Annual Operations Plan.

The Annual Salary Projection report is in accordance with the pay plan implementation policy of the Chief Fiscal Officer of the State (A.C.A. §21-5-202 et. seq.). The following conditions are reflected in the report:

- This report is based on payroll information as of **March 27, 2006** for positions authorized for fiscal year 2007. The report reflects the pay schedule contained in Act 2198 of 2005.
- The graduated pay plan increase effective July 1, 2006 has been provided for classified positions based on Act 2198 of 2005.
- Salaries for non-classified positions reflect the maximum amount in the agency's 2005 appropriation act.
- The salary for vacant classified positions is calculated at Pay Level 1 of the fiscal year 2007 pay schedule in Act 2198 of 2005. Vacant unclassified positions reflect the maximum amount in the agency's 2005 appropriation act.
- The graduated pay plan increase cannot result in a salary exceeding Pay Level 4 as provided in Act 2198 of 2005. However, amounts above Level 4 will be paid as a lump sum at the end of the 2007 fiscal year in accordance with provisions of Act 2198 of 2005. These lump sum payments are not included in the Annual Salary Projection report but can be added to the Non HR Position Screen by using cost element 5010002020.
- Used Class Code reflects the Class/Grade that the employee is currently being paid. Authorized Class Code and Pay Grade is the Class/Grade cited in the agency's 2005 appropriation act or in the Uniform Classification and Compensation Act (Act 1852 of 2005).
- Maximum Hourly Rate is the employee's hourly rate of pay as of **March 27, 2006**. New Hourly Rate is the hourly rate of pay the employee will be eligible for on July 1, 2006.
- Positions that are designated as Career Ladder Incentive Program (CLIP) positions are reflected with YES in the CLIP field. Other than COLA, no adjustments have been made to salary levels for CLIP positions.
- An asterisk (*) by the employee name indicates the person occupying that position is in the Deferred Retirement Option Plan (DROP). Retirement **WILL NOT** be calculated on these employee's salaries. This indication can be added or deleted if not correct by contacting the budget analyst assigned to the agency.

- Certain positions are eligible for Career Ladder Incentive Program Bonus Awards up to 8.0% of salary in accordance with A.C.A. §21-5-1101, as amended. At the end of each fiscal year, the bonus percentage is determined by the Chief Fiscal Officer of the State. CLIP Bonus payments are not reflected in the Annual Salary Projection report.
- Funding for positions affected through the CLIP Program is to be provided through salary savings and/or reallocation of resources.
- Extra Help positions are not included in the Annual Salary Projection report. However, these positions can be viewed in PBAS on the Position Planning Screen. Agencies should check the Extra Help box to retrieve these positions. Agencies that do not have system access to PBAS can contact the budget analyst assigned to the agency to provide a listing of the positions.

PERSONNEL CAP RESTRICTIONS

Agencies operating within the Executive Branch will not be allowed to budget more positions than they are authorized by the Personnel CAP Restriction Policy. CAP levels have been established for this purpose.

CAP levels reflect the maximum number of positions an agency anticipates having filled at any one time during the fiscal year. Annual Operations Plans should be prepared according to agency needs. Agencies may request an increase in the CAP level by submitting a letter including a **strong** justification to the Administrator of the Office of Budget. **Agencies should submit this request no later than April 28, 2006 in order for a CAP level to be established PRIOR to the deadline for submission of the Annual Operations Plan.**

CAREER SERVICE RECOGNITION PAYMENTS

State Employees with more than ten (10) years service in State Government are eligible for a Career Service Recognition Payment as authorized by A.C.A. §21-5-106, up to a maximum of \$600.00 for twenty-five (25) or more years service.

The cost of Career Service Recognition Payments has not been included in the Annual Salary Projection report. However, the Office of Budget has produced a separate Career Service report. This report is in accordance with the career service implementation policy of the Chief Fiscal Officer of the State (A.C.A. §21-5-106). This report will be produced before salaries are distributed and will reflect the career service payment amount in the month it is due. When Regular Salaries are distributed, the Career Service amounts are also distributed. **The Career Service amount has been loaded in Commitment Item 5010000 (Regular Salaries) and cost element 5010001010. Corresponding matching amounts have been calculated for Career Service payments.**

STIPEND PAYMENTS

Stipend payments for members of boards and commissions in A.C.A. §25-16-903 through A.C.A. §25-16-905 should continue to be paid from Commitment Item 5010000 (Regular Salaries). This change was implemented in July, 2005 to allow the State to produce W-2 forms for persons receiving a stipend payment. Special language in Sections 93 – 95 of Act 2298 of 2005 provides the Chief Fiscal Officer of the State the authority to create positions as well as salary and personal services matching appropriation as may be necessary for state agencies to comply with the United States Internal Revenue Code. Positions created by this language are not eligible for state retirement or state health insurance. The Office of Personnel Management will continue to provide agencies with necessary guidance and procedures.

NOTE: When preparing the Annual Operations Plan, stipend payments in cost element 5050019000 should be moved from Commitment Item 5020002 (Operating Expenses) to Commitment Item 5010000 (Regular Salaries) and cost element 5010001900. Corresponding matching amounts (FICA matching) will be calculated for the stipend payments. Agencies that do not have system access to PBAS will need to coordinate entry of these changes with the budget analyst assigned to assist the agency.

REQUEST FOR ADDITIONAL SALARY AND/OR PERSONAL SERVICES APPROPRIATION

Section 2 of Act 2298 of 2005 provides supplemental appropriation to address unforeseen appropriation needs of state agencies in administering the personnel actions of the 85th General Assembly. Agencies will use the Request for Salary and/or Personal Services Matching Appropriation report to request additional appropriation for Regular Salaries and Personal Services Matching line items for these and other applicable items.

Section 35 of Act 2298 of 2005 provides supplemental appropriation for state agencies for Career Service Recognition Payments. Agencies may request additional appropriation for Career Service Recognition Payments for Regular Salaries and Personal Services Matching line items as evidenced by their Annual Operations Plan.

Section 94 of Act 2298 of 2005 provides supplemental appropriation for state agencies for stipend payments as provided in A.C.A. §25-16-903 through A.C.A. §25-16-905. Agencies may request additional appropriation for stipend payments for Regular Salaries and Personal Services Matching line items as evidenced by their Annual Operations Plan.

NOTE: Generally, the additional appropriation authorized by the above provisions will not be transferred to “current” allotment until the 4th Quarter and then only after appropriation resulting from salary and match savings has been evaluated to determine actual need.

The initial Request for Salary and/or Personal Services Matching form has been automated in PBAS. Since budget validation can only be done by the Office of Budget, agencies will need to coordinate with their budget analyst to complete this form. If applicable, agencies must print the form from PBAS and submit with the Annual Operations Plan. A footnote should be added in PBAS to justify the anticipated need for the additional salary and/or personal services appropriation.

The following page is an example of the Request for Salary and/or Personal Services Matching Appropriation report produced from PBAS.

**REQUEST FOR SALARY and/or
PERSONAL SERVICES MATCHING APPROPRIATION
Fiscal Year 2007**

Agency

0510 - SCHOOL FOR THE BLIND

<u>Fund</u>	<u>Funds Center</u>	<u>Commitment Item</u>	<u>Additional Appropriation</u>
FEC0600	077	5010000	300
FEC1000	077	5010000	1,300
FEC1000	077	5010003	100
FEC0600	077	5010003	23

Additional appropriation needed in regular salaries and personal services matching for career service payments and associated fringe benefits.

Total 1,723

Agency No. 0510

DETAIL PLAN INSTRUCTIONS

GENERAL INFORMATION

All agencies, (except the Highway and Transportation Department, Game and Fish Commission, Constitutional Offices with appropriations included in the General Appropriation Bill, and Institutions of Higher Education), **must** prepare and submit detail plans (budgets) as a part of their Annual Operations Plan. Minimum requirements are that detail plans must be prepared for all treasury and cash appropriations by commitment item, except construction, at the cost center level. (**Amounts are reflected in whole dollars.**)

DETAIL PLANS MUST BE SUBMITTED TO THE OFFICE OF BUDGET BY MAY 5, 2006.

The Office of Budget will assist agencies in preparation of detail plans as necessary. Except for the agencies mentioned above, all agencies will be using the Planning Budgeting and Administrative System (PBAS). Agencies that do not have system access to PBAS will coordinate entry of their plan data with the budget analyst assigned to the agency.

Prior to submitting final documents, agencies are encouraged to review the Fiscal Year 2007 Annual Operations Plan Checklist on pages 12 and 13 of this document. Submission of the AOP after **May 5, 2006** will jeopardize a timely submission of the agency's biennial budget as well as the transfer of this data from PBAS to AASIS. Inquiries should be directed to the Office of Budget, at 682-1941.

PREPARATION OF THE DETAIL PLAN

Initially, the non-personnel Detail Plan that has been loaded into the 2007 Annual PBAS budget system represents the 2nd year of the 2005-07 biennial budget. These amounts have been extracted from the Biennial PBAS budget system by cost centers, funds, funds centers, commitment items, and cost elements. Personnel and position data was extracted from AASIS as of **March 27, 2006**.

ANNUAL OPERATIONS PLAN CHECKLIST FISCAL YEAR 2007

IMPORTANT DATES:

March 27, 2006	Personnel information extracted from AASIS
April 10, 2006	Annual Operations Plan Packets distributed to agencies
April 28, 2006	Requests for changes in Personnel CAP due to the Office of Budget
May 5, 2006	All PEER items submitted to the Office of Budget for presentation to the June PEER meeting of Legislative Council
May 5, 2006	Final Annual Operations Plan due to the Office of Budget
July 1, 2006	Start of fiscal year 2007

AGENCY ANNUAL OPERATIONS PLAN COMPONENTS: (Required)

- Salary Projection report
- Career Service Projection report
- Annual Quarterly Worksheet
- Annual Funds Center Worksheet
- Annual Funds Center Totals by Cost Center
- Annual Commitment Item Summary
- Agency Director Approval Letter (Requires signature)
- Letter from Agency Director or Fiscal Officer explaining why positions have been budgeted for less than 12 months (Requires signature)
- Certification of Income reports (Requires signature) for all funds centers including those funded by general revenue, equal to or greater than the AOP budget (including certification for funds centers with carry forward authority)
- Fiscal Monitoring report (Requires signature)
- Budget Classification Transfer forms needed to bring appropriation up to budgeted levels (If applicable)
- Forms requesting additional Salary and/or Personal Services Matching appropriation (If applicable – report printed from PBAS)
- Agency Publication Listing report
- Fund Balance Expenditure Plan (If applicable - requires signature)

SALARY PROJECTION REPORT:

- Total number of budgeted positions does not exceed CAP or limits authorized by law.
- Total number of budgeted positions is reflected in insurance amounts.
- Budgeted amounts (cost element 5010001000) correspond to totals on the Salary Projection report.
- Career Service Recognition Payments are budgeted separately (cost element 5010001010).
- Lump Sum Payments may be budgeted separately (cost element 5010002020).
- Total salary budget is within funding guidelines.
- Letter signed by the Agency Director or Fiscal Officer explaining why positions have been budgeted for less than 12 months.

DETAIL BUDGETS:

- Fiscal year totals do not exceed amounts authorized in agency acts unless accompanied by a Budget Classification Transfer request, a Miscellaneous Federal Grant request, Cash Increase Request or a Request for Additional Salary and/or Personal Services Matching Appropriation.
- Appropriations funded from General Revenues/Miscellaneous Agencies Fund should be distributed on a quarterly basis and should not exceed anticipated funding distribution and Certifications of Income.
- The 1.5% Service Charge for cash funds as required by A.C.A. §19-5-206 is budgeted. **(See page 14 for detailed instructions)**

IMPORTANT CHANGE FOR AGENCIES RECEIVING CASH FUNDS FOR FISCAL YEAR 2007

CASH FUND SERVICE CHARGE COMPLIANCE:

A.C.A. §19-5-206 requires a 1.5% charge against certain agencies receiving cash funds as defined by A.C.A. §19-4-801(1). Since the implementation of the Arkansas Administrative Statewide Information System (AASIS), revisions in the law and recent revisions to the state accounting procedures manual, the application of the service charge to certain cash agencies has been clarified.

Effective July 1, 2006, those agencies defined in A.C.A. §19-5-206 that are authorized a cash appropriation for the operation of their agency or subsequently receive cash funds from any source, and the funds are held outside the State Treasury should continue to pay the 1.5% service charge. Cash funds temporarily deposited in the State Treasury for payroll purposes ("P" funds) will also continue to pay the service charge. Cash funds deposited in the State Treasury as cash in treasury funds ("N" funds) will not be required to pay the 1.5% service charge after the payment for the period ending March 31, 2006 is remitted April 15, 2006.

This revision at the start of a state fiscal year will allow for the proper budgeting of service charge income to the State Central Services Fund and provide for payment of the service charge by agencies receiving administrative support in budgeting and spending their cash funds held outside the State Treasury. This change is consistent with the definition of cash funds in A.C.A. § 19-4-801(1), the levy of the service charge by A.C.A. §19-5-206 and commitments made during the development of AASIS regarding cash funds held in the State Treasury. (so-called "N" funds)

INSTRUCTIONS FOR COMPLETING THE ANNUAL QUARTERLY WORKSHEET

All agencies (Excluding Highway and Transportation Department, Game and Fish Commission, Constitutional Offices, Institutions of Higher Education, Retirement Systems, and Cash Funded Boards and Commissions) **MUST USE THE ALLOTMENT PROCESS.**

The Annual Quarterly Worksheet will be produced by the PBAS, and all totals from the system will post by quarter to the Funds Center/Fund/Commitment Item in which a budget was entered. If required, adjustments will be made through the Agency Validation process by the Office of Budget.

(For Example: If the Agency requests a Budget Classification Transfer from Operating Expenses to Capital Outlay, the detail budget would reflect the budget as if the transfer was approved. These amounts post upward to the Annual Quarterly Worksheet. This transfer causes the budget to exceed the authorized appropriation for Capital Outlay. Through the Agency Validation process, the amount for Capital Outlay would be reduced to the authorized amount.)

The following page is an example of an Annual Quarterly Worksheet report produced from PBAS.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM

Annual Quarterly Worksheet

Fiscal Year 2007
 Business Area Title SCHOOL FOR THE BLIND
 Business Area Code 0510
 Funds Center Title Blind School-Federal Operations
 Funds Center Code 077
 Commitment Item title Regular Salaries
 Commitment Item Code 5010000
 Version 1A

Fund Center		Commitment Item		Total	Authorized	Blocked
077	Blind School-Federal Operations	5010000	Regular Salaries	495,204.00	653,175.00	157,971.00

Fund	Fund Title	1st Qtr Allotment	2nd Qtr Allotment	3rd Qtr Allotment	4th Qtr Allotment	Total Allotment
FEC0200	Blind Sch-Area Srv-PS	355,135.00	0.00	0.00	0.00	355,135.00
FEC0400	Blind Sch-Chapter II	0.00	0.00	0.00	0.00	0.00
FEC0600	Bld Sch-6B Pass-Through	43,051.00	0.00	0.00	0.00	43,051.00
FEC1000	Fed Deaf/Blind Operating	97,018.00	0.00	0.00	0.00	97,018.00
Grand Total		495,204.00	0.00	0.00	0.00	495,204.00

INSTRUCTIONS FOR COMPLETING THE ANNUAL FUNDS CENTER WORKSHEET

The Annual Funds Center Worksheet is a summary of authorized appropriation amounts, blocked amounts and budget by Commitment Item for each funds center authorized for an agency. If an agency allocates its appropriation, the quarterly totals will equal those amounts entered on the Annual Quarterly Worksheet through an automatic posting to the Annual Funds Center Worksheet. **EVEN THOUGH THIS PROCESS IS AUTOMATED, AGENCIES ARE ENCOURAGED TO CHECK ALL AMOUNTS FOR ACCURACY.**

QUARTERLY ALLOTMENT - This is the budget by Commitment Item needed to meet quarterly requirements. The purchase of capital items should be scheduled for the quarter following the greatest revenue collection. Agencies supported by General Revenues should budget capital expenditures during the fourth quarter. Also, agencies using commitments should allot funds in the quarter that the commitment is made instead of the quarter of actual expenditure.

The sum of the quarterly allotments by Commitment Item, plus the blocked amount, will equal the total Commitment Item amount authorized. **All cash and federal appropriations will be budgeted in the first quarter.**

BLOCKED – This amount will automatically calculate by Commitment Item the amount of appropriation not budgeted for FY07.

The following page is an example of the Annual Funds Center Worksheet report produced from PBAS.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM**Funds Center Worksheet**

Fiscal Year 2007
 Business Area Title SCHOOL FOR THE BLIND
 Business Area 0510
 Funds Center Title Blind School-Federal Operations
 Funds Center Code 077
 Fund Title Blind Sch Fed,Blnd Sch-Area Srv-PS,Carl Perkins,Blind Sch-Chapter II,Bld Sch-6B Pass-Through,Fed Deaf/Blind Operating
 Fund FEC0000,FEC0200,FEC0300,FEC0400,FEC0600,FEC1000
 Version 1A

Authorization	Commitment Item	Authorized	Blocked	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Act 639 OF 05	Regular Salaries 5010000	653,175.00	157,971.00	495,204.00	0.00	0.00	0.00	495,204.00
	Extra Help 5010001	15,000.00	15,000.00	0.00	0.00	0.00	0.00	0.00
	Personal Serv Match 5010003	183,939.00	3.00	183,936.00	0.00	0.00	0.00	183,936.00
	Operating Expenses 5020002	161,050.00	0.00	161,050.00	0.00	0.00	0.00	161,050.00
	Travel-Conferences 5050009	53,382.00	0.00	53,382.00	0.00	0.00	0.00	53,382.00
	Prof. Fees & Serv. 5060010	116,432.00	0.00	116,432.00	0.00	0.00	0.00	116,432.00
	Capital Outlay 5120011	100,000.00	0.00	100,000.00	0.00	0.00	0.00	100,000.00
	Total	1,282,978.00	172,974.00	1,110,004.00	0.00	0.00	0.00	1,110,004.00

CERTIFICATION OF INCOME

The Office of Budget maintains a record of certified funding sources for agency appropriations. Agencies must submit a Certification of Income report (example attached) for appropriations funded from all sources **including General Revenue**. This certification is the linchpin for preparation of the Annual Operations Plan. Appropriation can only be budgeted if there is sufficient revenue anticipated to fund expenditures. The Certification of Income form includes language that indicates the significance of the information provided by the Agency. **The Operating Budget Total box on the form reflects the actual operating budget for each corresponding funds center so that funding equals or exceeds the AOP budgeted amounts.** Any changes made to funding or available appropriation subsequent to the original Annual Operations Plan **requires** submission of a revised Certification of Income form to insure deficit spending does not occur. **Appropriations must remain blocked to the extent they exceed certified income and/or available revenue.**

The initial Certification of Income form has been automated in PBAS. Agencies that do not have system access to PBAS will coordinate entry of estimated amounts of income with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS, sign and submit with Annual Operations Plan.

CARRY FORWARD AUTHORITY

Where law permits, estimated funding to be carried forward on June 30 to the new fiscal year and included in the Annual Operations Plan must be included in Certifications of Income. The actual carry forward amounts will be verified by the Office of Budget and processed during the first week of the new fiscal year. **The Agency must submit revised Certification of Income forms to reflect the actual amount of carry forward funding as soon as possible after the beginning of the fiscal year.**

FISCAL YEAR REVISIONS

Agencies may revise Certifications of Income at any time during the fiscal year to facilitate program commitments or increase/decrease revenue projections and resulting financial obligations of the agency. Revisions require corresponding adjustment to the organizational budget recorded in the Arkansas Administrative Statewide Information System (AASIS). **The Agency Director and Fiscal Officer are responsible for the amounts budgeted and certified and therefore, are required to sign all Certification of Income forms. Certification of Income forms for revisions during the fiscal year can be obtained from the Office of Budget website.**

CERTIFICATION OF INCOME

2007 FISCAL YEAR

BUSINESS AREA 0510 SCHOOL FOR THE BLIND
FUNDS CENTER TITLE 077 Blind School-Fed Operations
FUND TITLE FEC Blind School Federal

We have reviewed and certify that our agency expects to receive the anticipated revenues reflected herein to fund this appropriation. The agency will monitor these funds during the course of the year and if at any time it appears that these funds will not be received or additional funds become available, we will file an amended form and make appropriate budgetary adjustments.

In the following section Please detail by funding source the revenue components your agency expects to receive. If there are multiple sources for any category, please attach a worksheet that details each separate revenue source.

Funding Sources	Description	Estimated Amount
Fund Balance		
Special Revenues		
Federal Revenues	Carl Perkins; Pass-Through Federal Dollars	1,450,000
Revolving Funds		
Cash Funds		
General Revenue(*)		
Merit Adjustment(**)		
Other	Fees for School Activities	50,000
Total Funding		1,500,000
Annual Operations Plan		1,110,004

19-1-611. Civil penalty. If the public officer or employee is found by the court to have knowingly violated the fiscal responsibility and management laws, the court shall impose a civil penalty upon the public officer or employee of not less than one hundred dollars (\$100), nor more than one thousand dollars (\$1,000), for each violation, and may subject the public officer or employee to the payment of damages resulting as a direct consequence of any violation.

<hr/> AGENCY FISCAL OFFICER	<hr/> DATE
<hr/> AGENCY DIRECTOR	<hr/> DATE

(*)General Revenue Funding in accordance with the Official Revenue Forecast of Net Available General Revenue for Distribution

(**)Merit Adjustment Funding will be Available in 4th quarter only if salary savings are insufficient to cover allocations

BUDGET CLASSIFICATION TRANSFERS

The Maintenance and General Operation (M&O) line item is divided into five (5) classifications as discussed below. A.C.A. §19-4-522 allows transfers between certain M&O classifications. Agencies may request a modification in the various M&O classifications as long as the total authorized appropriation is not exceeded and the classifications are authorized in the appropriation act. **However, no transfer shall be made from Capital Outlay or Data Processing line items unless specific authority for such transfer is provided by law.** Transfers from Capital Outlay to Data Processing are allowed only when it is determined by the Department of Information Systems (DIS) that data processing services for a state agency can be performed on a more cost efficient basis by DIS. **No transfer shall be made between appropriations unless specific authority for such a transfer is provided by law.**

Agencies are required to submit transfer requests to the Legislative PEER Committee for review when EACH Maintenance and General Operation commitment item is affected by the 5% or \$2,500 transfer limit within a fiscal year. The Office of Budget will assist agencies in determining if a Budget Classification Transfer must be reviewed by the PEER Committee. **A THOUGHTFUL AND CAREFUL REVIEW OF THE AGENCY'S NEEDS DURING DEVELOPMENT OF THE ANNUAL OPERATIONS PLAN SHOULD MINIMIZE THE NEED FOR SUBMITTING TRANSFER REQUESTS DURING THE 2007 FISCAL YEAR.** However, if a transfer is needed anytime after July 1, 2006, contact the Office of Budget at 682-1941 to determine the monthly deadline for submitting requests for PEER Committee consideration.

The following briefly identifies some restrictions for the various classifications:

- **OPERATING EXPENSES:** (Commitment Item 502:00:02) Includes postage, telephone, printing, motor vehicle expenses, repairs, maintenance contracts, utilities, insurance, supplies, equipment not capitalized, travel, subsistence, meals, lodging, transportation of State employees, officials, and non-state employees traveling on official business. **All reimbursable costs associated with meetings and travel for board members or commissioners of State Boards and Commissions should be budgeted from this classification. Professional Services Contracts as defined in A.C.A. §19-11-203(27) and that are for technical and general services should be paid from this classification. These services are provided by individuals where performance is evaluated based upon the quality of the work and results produced. Special skills or extensive training is not required. Examples include janitorial service, guard service, transport service, actuary service, certain repair services, lawn care services, Nursing services or waste disposal services. Stipend payments authorized in A.C.A. §25-16-903 through A.C.A. §25-16-905 should be paid from Commitment Item 501:00:00.**
- **CONFERENCE AND TRAVEL EXPENSES:** (Commitment Item 505:00:09) This classification is limited to the costs of an employee attending a conference, seminar or training program. All costs of State hosted or sponsored conferences, seminars and training programs are paid from the Conference and Travel Expenses classification.

- **PROFESSIONAL FEES:** (Commitment Item 506:00:10). All Professional Fees, as defined in A.C.A. §19-11-1001(5) et. seq, regardless of dollar amount, should be budgeted in and paid from the Professional Fees classification. Honorarium costs are included in this classification. **This contract includes services provided by members of a recognized profession and generally include advice, counsel or direct assistance. The agency has no direct managerial control over the day-to-day activities of the contractor providing the service. Examples include attorneys, architects, accountants, engineers, physicians and technology experts.**
- **CAPITAL OUTLAY:** (Commitment Item 512:00:11). This classification includes purchase of land, buildings, equipment, furniture, fixtures, and contractual agreements that are capitalized. **All capital leases should be budgeted under Capital Outlay. If current leases are determined to be capital leases, the property should be capitalized and placed in inventory and tagged immediately.**
- **DATA PROCESSING:** (*Services only*) - (Commitment Item 509:00:12). The Data Processing classification is used for the purchase of Data Processing services from the Department of Information Systems, or others. Programming, systems analysis work, data entry, and processing charges should be included in this classification.

Agencies should contact the DFA - Office of Accounting, 682-1675, for questions relating to classification of expenditures.

If an agency determines a **Budget Classification Transfer (BCT)** is required for the completion of the Fiscal Year 2007 Annual Operations Plan, the computer generated Detail Budget should be completed as the agency intends to expend the funds. (The Detail Budget should reflect the effect of the BCT. However, the Agency Validation should be reduced by a corresponding amount pending approval of the Chief Fiscal Officer of the State and review by the Legislative Council.) The BCT form must be sent to the Office of Budget with the Annual Operations Plan to balance the detail budget to amounts on the Agency Validation layout when final submission is complete.

The Actual Expenditures column on the BCT form should be completed for each commitment item for which there were expenditures in fiscal year 2006. For BCT requests submitted with the Annual Operations Plan prior to June 30, 2006, use year-to-date total expenditures through April 30, 2006. For BCT requests submitted after July 1, 2006, use June 30, 2006 final expenditures.

PLEASE NOTE: If the BCT is requested to accommodate part of an agency's Information Technology (IT) Plan (this could include hardware, software, training, or contract services), the request will be routed by the Office of Budget to the Office of Information Technology for compliance review and a signature. The "Reason for Transfer" statement must include the location (major agency application, support or project) and location number in the agency's IT Plan referencing the requested transfer item.

Please contact your Budget Analyst at 682-1941 for additional information or assistance. The form can be downloaded from the Office of Budget website (example of the form is attached).

**ARKANSAS ADMINISTRATION STATEWIDE INFORMATION SYSTEM
REQUEST FOR BUDGET CLASSIFICATION TRANSFERS (BCT)**

Business Area: _____ Business Area Title: _____
 Funds Center: _____ Funds Center Title: _____
 Fund: _____ Fund Title: _____ Functional Area: _____

Line-Item Classifications	Authorized Appropriation	Actual Expenditures ** FY	Transfer From			Transfer To		
			CI	Fund	Amount	CI	Fund	Amount
502:00:02 Operating Expenses								
505:00:09 Conference & Travel Expenses								
506:00:10 Professional Fees								
512:00:11 Capital Outlay *								
509:00:12 Data Processing *								

Reason for Transfer:

Agency Director

Budget Approval

Office of Information Technology
(approval only needed if applicable ***)

* Transfers may not be made from the capital outlay (512:00:11) or data processing (509:00:12) sub classifications unless specific authority for such transfers is provided by law. (ACA 19-4-522(C)(1))

** For transfers requested during the months June or July, enter the current fiscal year expenditures for each of the Maintenance & Operations commitment items through April. For all other months, use the agency's previous fiscal year expenditures.

*** Transfers requested for the purchase of information technology related items must be in compliance with the agency's Information Technology Plan submitted to the Office of Information Technology.

FISCAL MONITORING PROCEDURES

A major responsibility of State Agency administrators is to maintain a working knowledge of the fiscal and programmatic affairs of the agency. The Agency Director and Fiscal Officer are responsible for assuring sufficient funds are available to support a budget with continued monitoring of fund receipts and expenditures and making appropriate adjustments when it is apparent that funds are insufficient and/or expenditures may exceed funds. Further, it is the responsibility of the Agency Director and Fiscal Officer to comply with provisions of the General Accounting and Budgetary Procedures Act cited in A.C.A. §19-4-102 (a)(2)(B) which prohibits deficit spending, A.C.A. §19-4-704 which prohibits an agency from incurring any obligations without appropriation, and A.C.A. §19-4-705 (a) which prohibits obligations unless there are funds available for payment of the obligations.

The Fiscal Monitoring form (example attached) has been automated in PBAS. Information from the previous AOP (FY06) has been copied to the FY07 AOP. Agencies should review the information and make any necessary adjustments. Agencies that do not have system access to PBAS will coordinate entry of monitoring procedures with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS, sign, date and submit it with the Annual Operations Plan.

FISCAL MONITORING PROCEDURES

2007 FISCAL YEAR

Business Area/Code

DFA - MANAGEMENT SERVICES/0610

In the following sections please describe the procedures that your agency will use to monitor budgeted revenue and expenditures / obligations to insure that appropriate fiscal controls are in place to safeguard against deficit spending.

Revenue Monitoring Procedures:

All funds are monitored on a regular basis. Federal Funds, Special Revenue Funds, and Internal Service Funds are reviewed more frequently. Special monitoring reports prepared on a regular basis and as needed. Revenue and expenditure reports are furnished to program managers for review.

Expenditure / Obligations Monitoring Procedures:

All funds are monitored on a regular basis. Federal Funds, Special Revenue Funds, and Internal Service Funds are reviewed more frequently. Special monitoring reports prepared on a regular basis and as needed. Revenue and expenditure reports are furnished to program managers for review. All funds are monitored on a regular basis. Federal Funds, Special Revenue Funds, and Internal Service Funds are reviewed more frequently. Special monitoring reports prepared on a regular basis and as needed. Revenue and expenditure reports are furnished to program managers for review. All funds are monitored on a regular basis.

Agency Fiscal Officer

Date _____

Agency Director

Date _____

STATE AGENCY PUBLICATIONS LISTING

A.C.A. §25-1-204 requires a reduction in unsolicited publications published and distributed by state agencies. Each agency is required to submit with each annual budget request, a list of state publications, which are required by statutory law and provide the reason(s) for continuation and distribution of the required reports. An example of the form is attached.

The State Agency Publications form (example attached) has been automated in PBAS. Information from the previous AOP (FY06) has been copied to the FY07 AOP. Agencies should review the information and make necessary updates. Agencies that do not have system access to PBAS will coordinate entry of the agency's publications with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS and submit it with the Annual Operations Plan.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE AGENCY PUBLICATIONS
Fiscal Year 2006 - 2007
Required by A.C.A 25-1-204

AGENCY 0610 DFA - MANAGEMENT SERVICES

Name of Publication	Statutory Authorization	Required for		# of Copies Published	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Budget Instruction Packet	None	No	No	275	Assist State Agencies in the preparation of annual operations plan.
Biennial Budget Instruction Packet	A.C.A. 19-4-304	No	No	275	Provide information and assistance to state agencies in the preparation of biennial budget requests.
Biennial Budget Manuals	A.C.A. 19-4-305	Yes	No	2,371	Compile agency requests and Governor's recommendations for Legislative Council/Joint Budget Committee.
Facts about the Arkansas State Budget	None	No	No	1,500	Informational brochure for the public.
Biennial Budget Book	None	No	No	400	Contains detailed information regarding agency changes, funding and positions for each agency, as well as capital projects.

FUND BALANCE EXPENDITURE PLAN

Several agency appropriation acts include special language requiring approval from the Chief Fiscal Officer of the State for proposed expenditures that would cause the fund balance in certain funds to decline below an amount specified in the appropriation act. A list of these funds is provided. Should such a decline occur during the fiscal year, documentation requesting approval of expenditures exceeding that amount shall include the following:

- A plan that clearly indicates the specific fiscal impact of such expenditures on the fund balance.
- Information clearly indicating and explaining what programs would be cut or any other measures to be taken by the agency to restore the fund balance.
- The extent to which any of the planned expenditures are for one-time costs or one-time purchase of capital items.
- A statement certifying that the expenditure of fund balances will not jeopardize the financial health of the agency, nor result in a permanent depletion of the fund balance.

The Chief Fiscal Officer of the State will approve or disapprove all or any part of the request after having sought prior review by the Legislative Council.

Agencies should develop an Annual Operations Plan that minimizes the necessity to spend in excess of the limitations in the act.

The following form has been developed to assist agencies in complying with this restriction and can be downloaded from the Office of Budget website (example attached).

FUND BALANCE EXPENDITURE PLAN
2005 - 2007 Biennium

Date: _____

Agency Code: _____

Agency: _____

Fund Code: _____

Fund: _____

Act #: _____ Section #: _____

Month in which balance will fall below 50%: _____

Balance Limit: _____ Month End Balance: _____ Difference: \$ _____ -

The General Assembly placed special language in certain agency appropriation acts that requires prior approval by the Chief Fiscal Officer of the State and prior review by the Legislative Council before expenditures are made that would deplete the balance of certain funds below the specified amount stated in the act.

Fund Balance Expenditure Plan:

What is the specific impact of the expenditures on the fund balance?

Will the fund balance be restored? Explain.

Are the expenditures for one-time costs or the one-time purchase of capitalized items? Explain.

Statement certifying that the expenditure of the fund balance will not jeopardize the financial health of the agency or result in the permanent depletion of the fund balance:

Agency Fiscal Officer

Date

Agency Director

Date

Arkansas Legislative Council: ☐ Reviewed

☐ Not Reviewed

Date: _____

Chief Fiscal Officer of the State: ☐ Approved

☐ Not Approved

Date: _____

FUNDS REQUIRING A BALANCE EXPENDITURE PLAN	
Business Area	FUNDS
0200	Abstractors Examining Board Fund
0203	Accounting Board Cash
0205	Appraiser Licensing & Certification Cash
0206	Board of Architects Cash
0210	Auctioneers Licensing Board Cash
0224	Contractors Licensing Board Cash
0227	Cosmetology Contingent Fund
0228	Examiners in Counseling Board
0236	Engineers & Surveyors Cash
0239	Foresters Registration Board Cash
0240	Professional Geologists Cash
0248	Real Estate Cash
0248	Real Estate Recovery
0254	Social Work Licensing Fund
0263	Fire Protection Licensing Board
0268	Dental Examiners Cash
0271	Hearing Aid Dispensers Cash
0274	Medical Board Cash
0277	Arkansas State Board of Nursing Fund
0292	Speech Pathology & Audiology
0305	Manufactured Homes Standards Fund
0338	War Memorial Stadium Cash
0355	Livestock & Poultry Comm Disease & Pest Control Fund
0390	Death & Permanent Total Disability Trust
0390	Second Injury Trust Fund
0390	Workers Compensation Fund
0402	Arkansas Department of Aeronautics Fund
0405	State Bank Department Fund
0415	State Forestry Trust Fund
0440	Oil & Gas Commission Fund
0445	Plant Board Fund
0450	Public Service Commission Utility Safety Fund
0450	Tax Division Fund
0455	Water, Waste Disposal, Pollution Abatement, Administrative and Research Facilities Construction Fund
0455	Red River Waterways Project Trust Fund
0455	Soil & Water Cash
0480	Corrections Non-Tax Revenue
0480	Dept of Correction Cash
0480	Dept of Correction Farm Fund
0485	Community Correction Cash
0590	Vocational Technical Retirement Cash
0630	Commercial Drivers License Fund
0645	Dept of Health Plumbers Licensing Fund
0645	HVACR Licensing Fund
0955	DNA Detection Fund
0960	State Police Equipment Fund